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SUBJECT: DEVELOPMENT AND BORDER ISSUES IN THE NORTHERN MEKONG
DELTA

1. (SBU) Summary: A recent visit by the Deputy Chief of Mission (DCM) to the Mekong Delta provinces of Dong Thap and Vinh Long revealed that, like much of the rest of the Mekong Delta, these provinces rely heavily on agri- and aquaculture to fuel their economic growth. Plentiful harvests of rice, fruit and seafood have not been matched with development of the industrial sector. Senior officials in both provinces requested help to increase U.S. direct foreign investment (FDI) and humanitarian aid. End Summary.

DEVELOPMENT AND BORDER ISSUES IN DONG THAP

2. (U) The DCM traveled to the Mekong Delta January 20-22. He called on provincial officials in Dong Thap and Vinh Long and visited various American non-governmental organization (NGO) projects in the region. In Dong Thap, the DCM met with Mr. Truong Ngoc Han, Chairman of the Dong Thap People's Committee, and twelve other department directors and representatives of industry and agriculture within the province. Chairman Han stressed Dong Thap's success in agriculture and aquaculture (catfish, shrimp, and other aqua products). Currently, Dong Thap produces 2.4 million tons of rice per year and has 25,000 hectares of fruit gardens. The province is famous for its mangos, longans, mandarin oranges, carnations and orchids. Most fruit exports go to China and Japan, rice is exported to Europe, and aqua-products are shipped to the U.S. Dong Thap is the third largest producer of foodstuffs in Vietnam. The province's greatest challenge is developing a food processing industry. There are plans for developing three industrial parks and 11 small-scale industry zones. Dong Thap's GDP grew by 10.16 percent in 2004, driven mainly by the largest sector of agri- and aquaculture, which makes up 56.9 percent of the province's GDP.

3. (SBU) Provincial leaders in Dong Thap are proud of their success in reducing poverty from 14 percent in 2000 to 4.8 percent in 2004. Chairman Han visited the U.S. with Deputy Prime Minister Vu Khoan in 2004 and was favorably impressed with the infrastructure and governance in the U.S. He made a point of mentioning the importance of human rights and democracy, and expressed his desire to help Dong Thap in these areas. Dong Thap leaders requested USG assistance in improving the environment, preventing the spread of HIV/AIDS, creating infrastructure and educational facilities, and increasing foreign direct investment (FDI). The Chairman noted that Dong Thap has the fifth highest HIV/AIDS infection rate in the Mekong Delta.

4. (SBU) Dong Thap leaders are also concerned about their 48-km border with Cambodia. Currently the province is working with the Cambodian Government and the Vietnamese Ministry of Public Security (MPS) to prevent border crimes such as drug smuggling, human trafficking, and contraband. In the past five years, these joint efforts have intercepted 17 cases of child trafficking.

5. (U) The DCM visited two American NGO projects in the province. USDA and Land O'Lakes sell or trade surplus American commodities to fund a nutrition and health program in two local schools. Studies have shown that the program has increased student performance and attendance. As the U.S. funding for the project ends this summer, the DCM encouraged the local Department of Health and Department of Agriculture to pick up the program in the future. The NGO Heifer International provides small loans (usually of one or two animals such as cows or pigs) to local farmers to start an animal breeding program. Each farm passes the first healthy offspring to another member in the community and then keeps the rest. The program is looking for \$40,000 to set up similar projects helping the Khmer people.

DEVELOPMENT AND EDUCATION ISSUES IN VINH LONG

6. (SBU) In Vinh Long, the DCM called upon Mr. Truong Van Sau, Chairman of the provincial People's Committee. According to Chairman Sau, Vinh Long leaders hope to move the province from agriculture (currently 54.76 percent of the province's GDP) to services and industry (currently 30.62 percent of GDP). While 75 percent of the population is involved in agriculture, the local government is keen to attract more investment and is developing its first industrial park to facilitate investment. Vinh Long's

GDP grew by 9.63 percent in 2004.

17. (U) Vinh Long leaders are actively developing the province's educational facilities, particularly its Mekong University. Established in 2000, Mekong University focuses on training in agri- and aquaculture and is the first self-funded university in the Mekong Delta. In a meeting with the DCM, University directors expressed their desire to receive USG funding for facilities, equipment, and books. They also hope to establish links to other U.S. universities for professor and student exchanges. The school, which has a student body of 5,500, moved to its new campus in 2002 and hopes to take advantage of the new industrial park across the street to provide job opportunities for its graduates.

18. (U) There are a variety of American NGOs involved in the province, with programs running from literacy to caring for orphans to housing assistance. The DCM visited two housing projects sponsored by Catholic Relief Services (CRS), which receives USG assistance. Many homes in Vinh Long were destroyed in 2000 by flooding. The provincial government has assisted with the construction of approximately 7,000 houses, but further assistance is needed for about 5000 homes. CRS has chosen to help some of the poorest families by placing their homes on raised cement platforms, building better roofs, and providing loans to help the families get back on their feet. The families are then responsible for the walls and any other improvements to the house.

COMMENT

19. (SBU) Leaders in both provinces are looking forward economically and developmentally. Dong Thap appears to have a more serious crime problem because of the border it shares with Cambodia, but is taking action to solve it. Leadership in Dong Thap also seems to have a better grasp of the legal, social, and economic changes that will have to happen to encourage more FDI from the U.S. The next logical step for industry in these provinces is to develop food processing plants to package and add value to the multitude of agricultural and aqua-products.

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